

VIRGINIA ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS



Virginia is the proud home of the Hampton Roads Clean Cities Program.

Overview

The State of Virginia provides a number of incentives for alternative fuel vehicles (AFVs), including no-charge licensing for AFVs, and exemption from High Occupancy Vehicle (HOV) lane use restrictions for AFVs. Virginia has several tax incentives including a tax credit to 10% of the Federal clean fuel tax deduction, a 1.5% sales tax reduction for AFVs, and an AFV fuel tax reduction. In addition, the Virginia Alternative Fuels Revolving Fund provides loans to local governments and state agencies for the conversion of publicly owned motor vehicles to alternative fuels. Several Virginia utility companies support AFV programs and offer incentives on a case-by-case basis.

Highlights

\$ \$200 - \$5,000 state tax credit, based on 10% of the Federal tax credit allowed for clean fuel vehicles and certain refueling property.

State Incentives

\$ The Commonwealth of Virginia provides to individuals or corporations a state tax credit against income or gross receipts taxes an amount equal to 10% of the amount allowed as a Federal tax deduction for clean fuel vehicles and related refueling property. The tax credit is for purchases of clean fuel vehicles principally garaged in Virginia and certain refueling property placed in service in Virginia.

Weight and Class of Vehicle	Federal Credit/Deduction	Virginia Tax Credit
Truck or van (gvw of 10,000 - 26,000 lbs)	\$5,000	\$500
Truck or van (gvw more than 26,000 lbs)	\$50,000	\$5,000
Buses (with seating capacity of 20+ adults)	\$50,000	\$5,000
All other vehicles	\$2,000	\$200
Electric vehicles	up to \$4,000	up to \$400

The Virginia Alternative Fuels Revolving Fund provides grants to local governments and state agencies for the conversion of publicly owned motor vehicles from gasoline and diesel fuels to alternative fuels. Contact Tom Finan, Virginia Department of Transportation, at (804) 786-1508, for more information about the Virginia Alternative Fuels Revolving Fund.

Effective January 1, 1996, the titling tax on AFVs is reduced from 3% to 1.5%. If a new vehicle is converted within 6 months of the titling date, the owner may apply for a refund of 1/2 of the tax paid.

Motor vehicle license plates are issued free of charge for AFVs, including dual- and bi-fuel vehicles. Owners of clean fuel vehicles may receive special license plates indicating that the vehicles use clean fuels.

AFVs displaying the Virginia "Clean Special Fuels" license plate can use the Virginia HOV lanes on I-95, I-395, and I-66 (outside the Capital Beltway), regardless of the number of occupants, until July 1, 1999.

A 1991 law permits loans from the Literary Fund for constructing and equipping school bus fueling facilities supplying compressed natural gas (CNG) or other alternative fuels.

For additional information about Virginia AFV programs, contact Susan Thomas, Virginia Department of Mines, Minerals and Energy, at (804) 692-3226.

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Utility/Private Incentives

Commonwealth Gas Services, Inc. offers several services to promote the expansion of natural gas vehicle (NGV) utilization including fleet conversion analysis and fueling station design, engineering and pre-installation assistance, comprehensive training for operators and technicians, and temporary fueling facilities. The utility also has established public refueling facilities in Petersburg, Portsmouth, Richmond, Quantico, and Lynchburg. For additional information, contact Brett Campeol at (804) 323-5360.

The National Ethanol Vehicle Coalition (NEVC) is an ad hoc group created by the National Corn Growers Association (NCGA) and the Governors' Ethanol Coalition (GEC) to establish a national program to promote the use of 85% ethanol fuel (E85) as an alternative fuel, enhance agricultural profitability, advance environmental stewardship, and further national energy independence. Through a cooperative effort with the NCGA and its state affiliates, the GEC, state energy offices, and the U.S. Department of Energy, NEVC provides forgivable loans for the installation of public E85 fueling facilities. For more information, contact Phil Lampert at (573) 635-8445 or Sandy Hentges at (573) 636-8590.

Virginia Natural Gas will provide technical support and training to a customer beginning an NGV Fleet. Virginia Natural Gas offers fueling station support through one of two rates offered specifically for NGVs. In addition, the utility has 4 fueling stations available 24-hours with card access, to the customer. For more information contact Jon Mykrantz at (757) 455-5342.

Virginia Power will provide technical support and managerial staff to support a customer beginning an electric vehicle (EV) fleet. Virginia Power offers support for charging infrastructure, and rate options for electricity used to charge EVs. Contact Bret Crable at (804) 775-5638 for more information.

Washington Gas provides a number of incentives to encourage the use of NGVs, including joint efforts with Federal, state, and local governments as well as commercial fleets to build CNG fueling stations. In addition, the utility offers a customer service program which provides technical expertise and driver and technician training. For additional information, contact Brenda Baverka at (703) 750-4405.

Laws & Regulations

Senate Bill (SB) 1546 (1995) provides for a clean fuel vehicle job creation tax credit. Effective January 1, 1996 through December 31, 2006, the state provides a \$700 tax credit to a corporation for the creation of a full-time job related to the manufacturing of AFVs or AFV components, or jobs related to converting vehicles to run on alternative fuels.

Effective July 1, 1994, local governments will have the option of reducing personal property taxes and/or waiving license fees for AFVs.

House Bill (HB) 1788 (1993) requires a Clean Fuel Fleet Program, pursuant to the Clean Air Act Amendments, for Northern Virginia, Greater Richmond, and Hampton Roads. Beginning in model year 1998, a certain percentage, based on gross vehicle weight, of purchases of new fleet vehicles by the owner of centrally fueled fleet vehicles registered, based, or having a majority of their travel in the affiliated localities, would be required to be clean fuel vehicles. By the year 2000, business and government fleets of 10 or more vehicles must have 50% of their heavy-duty trucks and 70% of their new light trucks running on clean fuels. Federally owned fleets in Virginia are subject to the Clean Fuel Fleet Program under SB 883 (1995).

A 1993 law defines clean special fuels as energy sources used to propel a motor vehicle that, when compared to gasoline or reformulated gasoline, result in lower emissions of nitrogen oxides, volatile organic compounds, carbon monoxide or particulate, or any combination thereof. These fuels include CNG, LNG, LPG, hydrogen, hythane (a combination of CNG and hydrogen), and electricity.

HB 556 (1992) exempts products used as motor vehicle fuels from local utility taxes.

Clean special fuels are taxed at the state level at a rate of 10¢ per gallon equivalent through 1998 as compared to 16¢ per gallon for gasoline.

An annual tax is imposed in lieu of the special fuels tax on vehicles that fuel at home and do not pay the special fuels tax.

The State Corporation Commission (SCC) may refrain from regulating the retail sale of CNG service by companies other than public service corporations. Wholesale CNG will continue to be regulated by the SCC. Non-utility businesses may operate CNG filling stations without being regulated by the SCC.

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Points of Contact

Hampton Roads Clean Cities Program Coordinators

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Environmental Technical Center

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Future Clean City

Greater Richmond Clean Cities Program

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Virginia Power

Virginia State Energy Office

Virginia Department of Mines, Minerals and Energy
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Commonwealth Gas Services, Inc.

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National Ethanol Vehicle Coalition

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Virginia Natural Gas

Jon Mykrantz (757) 455-5342

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Virginia Propane Gas Association

Thomas Osina (703) 441-0970

Washington Gas

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Metropolitan Planning Organizations

Richmond Regional Planning District Commission

Daniel Lysy (804) 358-3684

Hampton Roads Planning District Commission

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Virginia State Transportation Contacts

Department of Transportation

Alternative Fuels Program

Tom Finan (804) 786-1508

Fleet Management

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U.S. Department of Energy

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U.S. Department of Transportation Contacts

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General Services Administration

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